

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Order Instituting Rulemaking Concerning Energy
Efficiency Rolling Portfolios, Policies, Programs,
Evaluation, and Related Issues.

Rulemaking 13-11-005

REPLY COMMENTS OF THE ASSOCIATION OF BAY AREA GOVERNMENTS ON
BEHALF OF THE SAN FRANCISCO BAY AREA REGIONAL ENERGY NETWORK TO
OPENING COMMENTS ON THE PROPOSED DECISION PROVIDING GUIDANCE FOR
INITIAL ENERGY EFFICIENCY ROLLING PORTFOLIO BUSINESS PLAN FILINGS

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For THE SAN FRANCISCO BAY AREA
REGIONAL ENERGY NETWORK

August 15, 2016

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In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the Association of Bay Area Governments (“ABAG”), on behalf of the San Francisco Bay Area Regional Energy Network (“BayREN”), submits these brief Reply Comments to the Opening Comments on the Proposed Decision (“PD”) of Administrative Law Judge Julie Fitch, mailed July 19, 2016 in this proceeding.

I. Comments

Specifically, ABAG responds to the Opening Comments of San Diego Gas & Electric (“SDG&E”).

A. Comments Regarding RENs

SDG&E’s Opening Comments includes the following statement:

It is important that the REN applications are evaluated against the same requirements as the Investor-owned Utilities (“IOUs”), such as cost effectiveness and forecasted energy savings that their business plans deliver in addition to considering how their proposal coordinates with the host IOU.¹

¹ SDG&E Opening Comments, p. 2.

We point out that this statement is contrary to CPUC Decision 12-11-015. As discussed in ABAG's Opening Comments, D.12-11-015 addressed this issue by noting that REN programs address hard to reach markets and are restricted to those areas that historically have not been successful in achieving cost-effectiveness, and therefore should not be held to a minimum cost-effectiveness threshold.² We reiterate the relevant language from the Decision:

Several parties commented on whether there should be a cost-effectiveness threshold for approving REN proposals. SDG&E and SoCalGas argue that a REN proposal should be required to meet a threshold Total Resource Cost (TRC) test ratio of 1.0 or better or else it should be considered an LGP as part of the utility portfolio. PG&E said that if RENs are willing to partner with the utility, as in PG&E's regional partnership proposal, then the TRC and other cost-effectiveness test results can be shared.

As a general matter, the Commission already considers TRC and program administrator cost (PAC) test factors on a portfolio basis for all utilities. This means, practically speaking, that activities that are less cost effective can be offset by activities that are more cost-effective, so that the expenditure of ratepayer funds is cost-effective overall, without preventing certain market transformational or other experimental approaches that may lead to cost-effective activities in the long run.

Applying this logic, even if some REN proposals are not cost effective, if the same proposals had been made by utilities, they would have had the opportunity to be approved as part of a larger portfolio. The same should therefore be true for REN proposals, since they will become part of the larger portfolio that the Commission will approve. The REN proposals should not be held to a higher standard than similar utility programs. The difference is that the utilities are not fully in control of the REN proposals and cannot make the cost-effectiveness tradeoffs themselves within their own portfolios. Instead, it becomes the responsibility of the Commission to approve a portfolio, including both utility and REN proposals, that is cost-effective overall.

It should also be noted that many of the REN program plans address hard to reach market segments that are generally more expensive than average to deliver. REN proposals should not be punished for that, because, if successful, their pilot approaches could lead to breakthroughs for more cost-effective solutions in the future. They should, however, be encouraged to find cost savings and additional energy savings and other benefits to the extent possible, and improve their cost-effectiveness over time. D. 12-11-015, pp 18-19.

² D.12-11-015, p. 17-19, and Conclusion of Law ## 13-14.

In addition REN proposals should not be compared to the IOUs' on a portfolio-wide basis, but rather, similar programs should be compared on a program-by-program basis. This is consistent with D. 12-11-015, Conclusion of Law #14: "There should not be a minimum cost-effectiveness threshold for approval of the REN...proposals. However, the RENs...should strive to deliver the most cost-effective programs possible. This does not result in the Commission holding RENs...to a different standard than the utilities. Similar programs should be considered similarly, regardless of who is delivering the program." The distinction between portfolio and program in the context of the RENs, is an important one.

B. Comments Regarding IOU-ED Steering Committee

SDG&E recommends that the Commission should approve an IOU-ED ("Energy Division", i.e. Commission Staff) Steering Committee assigned to support the IOU statewide lead (Subject Index, Summary of Recommendations, #6.) While ABAG does not oppose the creation of the steering committee, non-IOU Program Administrators, such as CCAs and RENs should be automatic members of this committee. This request is appropriate especially in light of Conclusion of Law #36 in the Proposed Decision: "Utilities should not be the only program administrators eligible to take on a lead administrator role for statewide programs."

II. Conclusion

The Commission proposes to keep the RENs in a pilot status pending additional evaluations and the receipt of sufficient data that will allow it to draw a final conclusion. Given this need for additional data, the criteria by which the RENs are currently being evaluated should not be changed. In addition, it would be unequitable for the Commission to retain the portfolio restrictions placed on the RENs, but then require them to meet the same performance criteria as the IOUs. Indeed, this is contrary to D.12-11-015.

If the Commission approves SDG&E's request that a steering committee be approved to address issue related to statewide administration of programs, the membership should include all PAs and ED.

Dated: August 15, 2016

A handwritten signature in dark ink, appearing to read "Gerald Lahr". The signature is fluid and cursive, with the first name "Gerald" and last name "Lahr" clearly distinguishable.

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